

**ATTACHMENT F**

**Financial Information**

## **X2COMM, INC. STATEMENT OF FINANCIAL CAPABILITY**

The company is well capitalized from its issuance of common stock in 2001. The company raised \$700,000.00 through equity and debt financing and will be cash flow positive before any more funds are needed to operate. The company has made all the capital investments that it needs to make in order to provide services. The company is now focusing on acquiring customers, and projects that its operating margins should be in the range of 35-40%. The principal shareholders have been involved in the telecommunications industry for over 25 years, and have taken a company public during this time frame. The company has access to additional funds if necessary but believes that it will not be needed due to its low overhead and slow marketing growth.

**Direct Connect Communications**  
**Balance Sheet**  
**As of January 31, 2002**

	<u>Jan 31, 02</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1001 · Checking-First Union	137,171.74
1002 · Payroll-First Union	-45,281.54
1004 · LockBox-First Union	1,000.00
1010 · Checking-PNC	40,991.82
<b>Total Checking/Savings</b>	<u>133,882.02</u>
<b>Total Current Assets</b>	133,882.02
<b>Fixed Assets</b>	
1500 · Computer Eq-NJ	98,650.00
1510 · Software Costs-NJ	44,425.52
1600 · Computer Eq-FL	10,000.00
1620 · Furniture & Eq-FL	4,802.93
<b>Total Fixed Assets</b>	<u>157,878.45</u>
<b>Other Assets</b>	
1800 · Organization Costs	5,000.00
1910 · Security Deposits-Other	8,000.00
<b>Total Other Assets</b>	<u>13,000.00</u>
<b>TOTAL ASSETS</b>	<u><u>304,760.47</u></u>

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

**2600 · Payroll Liabilities**

2610 · Federal Withholding	731.00
2620 · Fica Payable	1,081.80
2630 · Medicare Payable	252.98
2650 · NJ Withholding Payable	31.78
2652 · PA Withholding Payable	43.08
2670 · NJUC Payable	85.59
2672 · PAUC Payable	53.08
2690 · FUTA Payable	69.78
2600 · Payroll Liabilities - Other	50.00

**Total 2600 · Payroll Liabilities** 2,399.09

**Total Other Current Liabilities** 2,399.09

**Total Current Liabilities** 2,399.09

**Long Term Liabilities**

2800 · Note Pay-Emanuel DeMaio	80,000.00
2810 · Note Pay-Pete Morrison	60,000.00
2820 · Note Pay-Daniel Kaufmann	80,000.00
2830 · Note Pay-Paul Telenson	80,000.00

**Direct Connect Communications**

**Balance Sheet**

**As of January 31, 2002**

	<u>Jan 31, 02</u>
2840 · Note Pay-Beverly Forfar	15,000.00
2850 · Note Pay-Robert Salvo	20,000.00
2860 · Note Pay-Drew Tanenbam	20,000.00
2870 · Note Pay-Michael Schutz	20,000.00
Total Long Term Liabilities	<u>375,000.00</u>
 Total Liabilities	 377,399.09
 Equity	
3000 · Common Stock	325,000.00
3900 · Retained Earnings	-403,338.40
Net Income	5,699.78
Total Equity	<u>-72,638.62</u>
 TOTAL LIABILITIES & EQUITY	 <u><u>304,760.47</u></u>

Direct Connect Communications  
**Profit & Loss**  
January 2002

	<u>Jan 02</u>
Income	38,956.75
Cost of Goods Sold	
6010 · AT&T-ANC-Interstate	15,613.32
6800 · Billing Costs-Printing	1,523.38
6990 · Bad Debs-Other	5.00
Total COGS	<u>17,141.70</u>
Gross Profit	21,815.05
Expense	
6090 · Dues and Subscriptions-NJ	2,539.00
6400 · Office Supplies-NJ	250.00
6401 · Office Supplies-FL	26.77
6500 · Salaries-NJ	3,550.62
6501 · Salaries-FL	5,173.65
6520 · Payroll Taxes-NJ	857.03
6551 · Employee Benefits-FL	658.87
6600 · Postage-NJ	97.98
6801 · Rent-FL	682.13
6820 · Utilities-NJ	131.25
6821 · Utilities-FL	270.47
6850 · Telephone-NJ	1,018.80
6851 · Telephone-FL	858.70
Total Expense	<u>16,115.27</u>
Net Income	<u><u>5,699.78</u></u>